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DCU NATIONAL CENTRE FOR FAMILY BUSINESS

Surviving a Crisis as a Family Business

An All-Ireland Study

NI FAMILY BUSINESS FORUM

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Foreword

Surviving a Crisis as a Family Business came about following a conversation among colleagues at DCU National Centre for Family Business, Ulster University, the Northern Ireland Family Business Forum, and the University of Central Florida. The catalyst for the study came during a unique moment in Irish business history when the onset of an all-island lockdown, as a result of COVID-19, necessitated the closure of many businesses across the island overnight.

Our collective networks with Irish and international family businesses provided our team with first-hand insight into the realities family businesses faced in their respective industries. As researchers and industry practitioners, we felt it critical to capture the lived experiences of Irish family business teams during the ongoing crisis and record how they managed, strategised, and planned to move their business and teams forward. We followed the progress of family businesses from the Republic of Ireland and Northern Ireland from mid-March 2020 until early November 2020. Data was collected across this seven month period with input from 53 CEOs and 198 employees, with a minimum of three employee respondents representing each family business.

Recruitment of family business teams in the Republic was conducted by DCU National Centre for Family Business, while family businesses in Northern Ireland were recruited by the NI Family Business Forum. Our family business colleagues in the University of Central Florida, led the design of this longitudinal study.

The survey was developed with two main aims. Firstly, to conduct the first all-island research study that assessed the impact of the Covid-19 crisis on Irish family businesses. Secondly, we developed the study with a longer-term objective to understand how family business teams respond during crises. While the urgency of the global health pandemic and its resulting impact on family businesses across Ireland necessitated a research intervention to assist those affected, our teams also recognised the value of developing a crisis resource that family businesses could take into the future. We hope the report's evidence-based findings and theory-driven recommendations will provide useful, practical steps and tools for family businesses managing crises in years to come.

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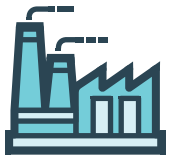
About the Study

251 family business owners, managers, and employees across the Republic of Ireland and Northern Ireland participated in the study.

Family Business Demographics



FIRM DEMOGRAPHICS

AVERAGE FIRM AGE

Average age	49 years

GENERATION

Founding	19.4%
Second	66.7%
Third	11.1%
Fourth or above	2.8%

FAMILY INVOLVEMENT

On average 4 family members working within each firm

FIRM SIZE

Average employee numbers	103
Fewer than 10 employees	7.5%
Between 10 and 49 employees	45.3%
Between 50 and 249 employees	34%
More than 250 employees	13.2%

INDUSTRY

Hospitality	15.1%
Retail	15.1%
Wholesale & Distribution	11.3%
Manufacturing	9.4%
Transport & Storage	9.4%
Construction	9.4%
Motor Trade	7.5%
Services	5.7%
Finance & Insurance	3.8%
Healthcare	3.8%
Agriculture, Forestry & Fishing	3.8%
Business Administration & Support Services	1.9%
Information & Communication	1.9%
Real Estate	1.9%

CEO DEMOGRAPHICS

FAMILY STATUS

Family CEO	92.5%
Non-family CEO	7.5%

AVERAGE AGE

Average age	51 years

GENDER

Male: 66% / Female: 34%

GENERATION

Founding	28.6%
Second	53.1%
Third	10.2%
Fourth or above	8.1%

HIGHEST LEVEL OF EDUCATION

Primary school	3.7%
Secondary school	20.8%
Certificate/Diploma	24.5%
Bachelor's degree	34.0%
Master's degree	17.0%

TENURE WITHIN FIRM

Average tenure within firm	24 years

TENURE AS CEO

Average tenure as CEO	15 years

ARE YOU AN OWNER/ SHAREHOLDER IN THE FIRM?

Yes = 84.9% / No = 15.1%

EMPLOYEE DEMOGRAPHICS

FAMILY STATUS

Family CEO	18.7%
Non-family CEO	81.3%

AVERAGE AGE

Average age	41 years

GENDER

Male: 54% / Female: 46%

GENERATION

Founding	19.4%
Second	66.7%
Third	11.1%
Fourth or above	2.8%

HIGHEST LEVEL OF EDUCATION

Secondary school	17.7%
Certificate/Diploma	28.6%
Bachelor's degree	39.1%
Master's degree	14.6%

TENURE WITHIN FIRM

Average tenure within firm	12.5 years

POSITION

Front-line employee	18.8%
Supervisor/first line manager	31.4%
Manager of managers	6.3%
Top management team	43.5%

ARE YOU AN OWNER/ SHAREHOLDER IN THE FIRM?

Yes = 8.3% / No = 91.7%

Family Businesses and Covid-19

This crisis research was conducted during the midst of the global Covid-19 health pandemic. The following insights provide an overview of the Covid-19 context and insight into the social realities facing family businesses as they came to terms with the impact of the crisis.

Impact of Covid-19:

83%

of CEOs report their business will be negatively impacted by COVID-19.

Company sales:
79.3% experienced a negative impact on company sales.

Company production:
63.4% experienced a negative impact on company production.

To minimise the threat of the pandemic, businesses reported taking, or plan to take, the following actions:

Reduced salary/benefits for managers	34.0%
Reduced salary/benefits for employees	24.5%
Temporary layoffs	47.2%
Permanent layoffs	28.3%
Reduced working hours	52.8%
Shift to remote working	54.7%
Utilised governmental supports	81.1%
Utilised banking institution supports	32.1%

Key concerns for family business CEOs over the next six months:

1 **Loss of revenue**

96.2% are concerned about a loss of revenue over the next six months.

2 **Insufficient cash flow**

84.8% are concerned about insufficient cash flow over the next six months.

3 **Family business continuity**

24.5% are concerned about loss of family control of the business.

"Employees in the hospitality sector have been adversely affected by the pandemic, most of the layoffs were in this sector and it will, in my opinion, be the most affected long-term. Our whole team was laid off for three months, nearly half of which are still laid off. We also anticipate a very poor winter ahead, with any boost we would normally receive during the festive period to be decimated. We will not receive the same level / if any Christmas party bookings etc. this year which will also affect employees as they will be down hours and wages etc. While also having an effect on those who are still laid off, many hospitality businesses will not be able to re-hire those individuals as the business to support these jobs will not be there."

Family Employee of Second-Generation Hospitality Business

"We had 85 drivers lose their job overnight - as seasonal workers that were literally about to return to work after the winter break when the rug was pulled from under them and millions of euro was lost in business in the following months...I've described what has happened this year as the perfect storm for the coach tourism industry. 90% of our business is incoming international tourists taking extended tours of the country. We were about to have the best year the business had ever seen in terms of revenue and growth and it was wiped out overnight. We had invested a huge amount of money in the business in the last two years with the purchase of an extra property to cope with capacity, a company in the UK to deal with Brexit and 15 new vehicles for the 2020 season. St. Patrick's Day is normally the kick off time for the season and it all went belly up on March 12th. Covid could not have happened at a worse time for the company or the employees."

Family Employee of Third-Generation Transport Business

"We have found since the pandemic that there has been a change in customer attitudes towards staff, than there was at the very beginning. When we first returned, customers were grateful and happy to see us back. They understood why we had reduced opening hours and reduced services, menus etc. As time has gone on, many customers' attitudes have become hostile towards staff, as they cannot understand "Why we aren't back opening late nights", "Why their favourite meals aren't on the menu", "Why we are closed on Mondays", "Why they cant have tables of over 6 people," as just an example... Having spoken to many other restaurateurs of small businesses they have also spoken of the same issues. With some even having to put signs up that "verbal abuse of our staff will not be tolerated". It's another hurdle our team has had to endure since we reopened, not to mind we have no control of who we come into contact with on a daily basis."

Family Employee of Second-Generation Food and Beverage Business

Findings at a Glance

Capturing an all-Ireland family business response

We asked family businesses about the factors that contribute to their company's coping and resilience in very challenging times. The eight points listed here are the factors that family businesses reported as being most influential to their company's survival.

1. **Benevolent Leadership:** Benevolent leaders demonstrated a values-driven, inclusive approach to decision-making.
2. **Effective Communication:** When leaders communicated effectively with their teams, it resulted in cohesive teamwork, high levels of trust, and boosted team morale.
3. **Taking a Step Back:** Family business leaders utilised business closure periods to holistically evaluate the business through a strategic planning lens and long-term perspective.
4. **Employee Commitment:** Employees displayed loyalty and dedication throughout the crisis and acted as ambassadors for their business.
5. **Familiness:** Families spent more time together during the pandemic, adopting a 'we are stronger together' attitude and a renewed sense of appreciation for each other.
6. **Seeking Out Advice and Support:** Many family businesses utilised governmental supports and drew upon external expertise to minimise the threat of the pandemic.
7. **Innovation and Adaptation:** For many family businesses the pandemic enabled innovation, change and new ways of doing things.
8. **Resilience:** Family businesses demonstrated a resilient mindset in the face of adversity and a commitment to continuity.

Benevolent Leadership

Leaders who fostered a stewardship climate and demonstrated a genuine concern for the treatment and well-being of their employees fared better during the crisis.

Trustworthy leaders come out on top

Decades of research[1] demonstrates that genuine trust is built on three cornerstones: benevolence, or a concern for the well-being and fair treatment of others; integrity, or a commitment to keeping promises and doing the right thing; and competence, or an understanding of what skills are required to do the job and the ability to meet those skills.

Leaders who built a reputation of trustworthiness were viewed in a more positive light by their teams. In particular, those who demonstrated concern for employee well-being during the crisis fostered good team morale. A non-family member in a second-generation retail business commented, "I love my job and I love having the opportunity to work for a company that cares about its employees." Another employee described how her employer provided a business support package to employees prior to the first lockdown, "This afforded many staff certainty over a period of uncertainty", she recalled.

In the current environment family business leaders are making tough decisions with sparse information. It's crucial that they make these decisions in alignment with their values and those of the organisation. Leaders who failed to do so were viewed in a negative light by their teams. One employee stated, "I don't feel the business fully lived up to the values of respect and integrity during the Covid pandemic; there was a lack of empathy demonstrated by leadership."

1 Cultivating Trust is Critical—and Surprisingly Complex. Kellogg Insight (Mar 2016)

Mutual understanding and respect

It's important for leaders to be transparent with their teams and to share honest information with them. During a crisis, leaders should communicate exactly what they know, what they don't know, and how and when they plan to seek additional information. Employees in the study responded positively when leaders were upfront and practiced strong communication and follow-through. One CEO provided advice on this point.

> "Get really close to the issues and identify what is really important right now - cut away distractions. Show real involvement and leadership. Stay very calm and avoid looking spooked or uncertain about the direction being taken. Maximise consensus - even if it's taking longer than usual - and listen to the advice and input of the team. Make decisions after receiving input but try and bring the team members with you as much as possible."
>
> **Non-Family CEO of Second-Generation Motor Trade Business**

Stewardship - contributing to something bigger

Research suggests[2] that family businesses who foster a stewardship climate perform better than those that don't. In a climate of stewardship, employees are intrinsically motivated by a desire to do good work and feel they are contributing to something bigger than themselves. The presence of stewardship was evident within certain family businesses in the study. Some respondents referenced "emotional assets" or "legacy" as a driver to do good work. One non-family employee referred to 'feeling like family',

> "This is a wonderful company, it treats all its employees like family. Management has safe guarded employees salaries and jobs throughout the pandemic and I'm blessed to be part of a wonderful culture where we all share similar values and beliefs, where we all strive to and achieve success. It comes from the top down where exceptional leadership is followed through."
>
> **Non-Family Employee of Second-Generation Healthcare Business**

2 Are Your Employees Putting The Company's Interests First? Kellogg Insight (Feb 2017)

Recommendations:

1	Good leaders must remember to establish trust with their teams. When business conditions improve, valued employees will remain loyal to the business, in part because of the trust that has been established with them.
2	Communicate in a transparent manner with employees regarding how the business is performing and keep them updated as the situation progresses. Provide honest feedback.
3	Promote a stewardship climate within the organisation where members are intrinsically motivated by a desire to do good work.

Effective Communication

Family business teams that communicated effectively were more likely to experience cohesive teamwork, high levels of trust, and ultimately push forward together in the crisis.

Successful communication provides certainty

Employees that reported receiving clear communication from the CEO and/or senior leaders were more certain about the future of the business and their job status. This was the case for family businesses that remained open to some degree during the pandemic, as well as those that closed for indefinite periods of time throughout the year 2020.

> "My employer has kept everyone up to date during lockdown with video messages of support and updates about reopening. He has asked anyone who needs his help financially or otherwise to contact him directly. All staff members felt very safe in returning to work after lockdown with all the new precautions that were put in place."
>
> **Family Employee in Fourth-Generation Hospitality Business**

Miscommunication or a lack of communication altogether can cause irreversible damage to relationships with key stakeholders in the business. Several respondents provided examples of ineffective communication, in some cases causing untold harm to team dynamics,

> "Some of the site-based personnel have left the company because they think a couple of the managers do not communicate properly with them."
>
> **Non-Family Employee of Second-Generation Transportation Business**

Support staff to work from home

Poor adaptation to online communications by leaders and senior management during crises can impact employees' perception of the company and those leading it. These concerns can be compounded in family business settings where leaders' digital capacities are low and in firms with 'traditional' business operation systems. Describing the transition to remote working, a non-family employee said,

> "There can be a drain in motivation sometimes, as well as a lack of communication, and those effects may all add up to damage an employee's perception of the company."
>
> **Non-Family Employee of Third-Generation Manufacturing Business**

Working from home and managing teams virtually presented a variety of challenges for family business leaders and management. The potential for misunderstandings or breakdown in communication required greater efforts and strategic planning by senior leaders. A non-family manager in a healthcare firm expressed frustration in managing a large team remotely,

> "Staff engagement on a larger scale is less easy in Covid times as Zoom all-staff meetings are not so effective. Some disjointed engagement has therefore ensued."
>
> **Non-Family Manager in Third-Generation Healthcare Business**

While family business leaders faced challenges in facilitating remote working and developing robust communication systems, employees were overwhelmingly positive and complimentary of employers that committed to making these changes.

> "[They] allayed general concerns and provided reassurance about the long-term future of the business and jobs."
>
> **Non-Family Employee of Second-Generation Motor Trading Business**

Maintaining relationships, spreading positivity

Communication with all stakeholders including suppliers and customers proved crucial to maintaining working relationships within family businesses. Providing certainty and reassurance to stakeholders during difficult periods is a serious challenge, but firms stand to benefit when done appropriately. Many CEOs and managers tried to communicate an optimistic message across the business throughout the pandemic. The sense of responsibility leaders felt to their team members, customers, and suppliers was evident,

> "We work hard at spreading optimism among ourselves (the team) and among our employees and customers. Peppered with a dose of reality of course!"
>
> **Family CEO of First-Generation Healthcare Business**

Recommendations:

1. Practice clear communication with employees at every level and with all key stakeholders of the business. Where possible, provide certainty and reassurance.
2. Develop robust, flexible communication systems that facilitate remote working. Find an appropriate balance of digital and 'traditional' communication methods for your team that optimises team members' capabilities.
3. Continue to develop and nurture stakeholder relationships and communicate positive messaging across the business.

Taking a Step Back

Many family business teams took the opportunity to evaluate their business holistically during closure periods and throughout 2020. This led many firms to institute business-wide change, strategise and plan for the long-term.

A time for change and strategy

Failure to plan for the medium- and long-term ultimately damages the viability of the family business for future generations. Business actions and processes should ultimately be driven by strategy and the overriding purpose and values of the business. While family-run businesses can benefit from the 'all hands on deck' approach that is often implemented during crises, there's a fine balance to strike to ensure 'frontline firefighting' does not compromise the long-term orientation of the business.

> "Try to strategise, and not just firefight!"
>
> **Family CEO of Third-Generation Manufacturing Business**

Interestingly, some family business leaders described the lockdown and crisis as an opportunity to break from tradition and accepted norms and practices of the family business. Teams refocused their efforts away from day-to-day business operations to identify weaknesses in their respective business models and implement necessary changes.

> "This pandemic is a once in a lifetime opportunity to execute deep change in the organisation".
>
> **Founder of First-Generation Hospitality Business**

Cash flow management and costing

Two critical areas which CEOs and senior managers of Irish family businesses reported needing attention were cash flow management and costing practices. These areas came under scrutiny following the closure of businesses during Ireland's first Covid-19 lockdown.

> "Having had a good cash-flow had hidden the fact that we really needed to look at our costs and pricing. As the cost of running the business was creeping up all the time…our margins were squeezed too tight… We were not pricing correctly and were providing services that were not fully costed out. The harsh reality of having no income for nearly four months..."
>
> **CEO/Founder of Second-Generation Hospitality Business**

Strategically preserving cash during business closure periods and working to ensure cash flow is consistent across the weeks and months ahead is possible. Drawing up a cash flow plan even during times of zero revenue is essential.

Over 8 in 10 CEO's surveyed stated that their family business would run out of cash within the next six months if the crisis does not abate.

During times of crisis it is advisable that businesses complete their cash flow on a weekly and monthly basis for six months and beyond following the crisis. Some family businesses may take this action a step further and adopt a daily cash flow planner. A cash flow plan is an essential management tool for business leaders and can be shared with the firm's advisors, such as the banking partner, accountant, or the board of directors, to plan for the short-term and beyond the immediate crisis.

"Step back and consider your whole business in the short-, medium- and long-term. Make sure that whatever decisions you take that you do so in full knowledge of all the financial implications."

CEO/Founder of Second-Generation Retail Business

"It's a great time to look at every aspect of the business, especially from a lean management perspective. Map out the current state, including all existing processes, determine what the ideal state would be, and work on the gaps."

Family CEO of Second-Generation Manufacturing Business

Recommendations:

1. Develop a strategic plan with clearly defined strategic goals and action-oriented planning. It is imperative to continuously check in on this document and update when necessary.

2. Prepare a cash flow statement for a weekly and monthly basis for the next six months to ensure you have sufficient cash to meet costs falling due. Continue to review and update your cash flow statement as the situation evolves.

3. Review all cost items including fixed costs. Can changes be made to standard protocols in the current environment to improve cash flow? For example, cancelling automatic stock orders.

Employee Commitment

The commitment of employees to their work and the family business employer was evident. Employees displayed loyalty and dedication to their organisation and acted as ambassadors for their company throughout the pandemic.

> "The longest member of staff was with the company for 59 years, and his father also worked for the company. There are staff with the company for 40, 35, 30, 25, 20, 15 and 10 years. Staff retention tends to be high."
>
> **Non-Family CEO of Fifth-Generation Construction Business**

All hands on deck

The pandemic has led to tremendous changes in work routines and patterns for employees. Fifty-four percent of the businesses surveyed reported a shift to remote working, while others responded by running double shifts to ensure physical distancing of their workforces. One CEO stated, "We had two teams set up during the pandemic, one working from home and the other from our warehouse."

These dramatic overnight changes forced employees to quickly adapt and find new ways of performing their day-to-day roles. This dedication and commitment to teamwork was commended by their leaders: "It hasn't been an easy ride and our success through it will be a testament to the commitment of all our staff," stated one CEO.

> "The majority of employees have been extremely flexible during the pandemic. There has been a sea change in attitude, we all need to do whatever it takes to attract new work and be more agile as a company. Changing shifts, delaying holidays, working smarter."
>
> **Non-Family Employee of Second-Generation Manufacturing Business**

Maintaining hope in the face of uncertainty

Our findings indicate that employees are more concerned than leaders about the potential impact of the pandemic on their livelihoods.

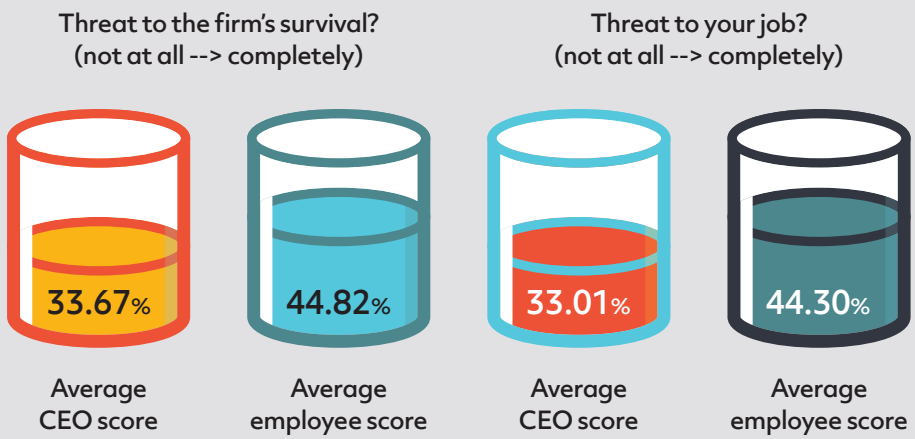
We asked respondents, CEOs and employees, to rate the degree to which they felt the pandemic was a threat to:

(1) Their job

(2) The firm's survival

Employees reported significantly greater concern than their leaders—by more than a 10-point margin for each question. Given the stark situation most businesses are facing, these worries are not unfounded.

Employees reported significantly greater concern than their leaders about the potential impact of the pandemic



"Mentally, it has been draining, worrying and stressful. I was asking myself the same questions daily; Will I lose my job? Will I be able to pay rent, insurance, for food, due to the decrease in my wages? It was a constant worry."

Non-Family Employee of Fourth Generation Travel and Tourism Business

From entitlement to appreciation

Most family business employees are contending with increased stress and pressure both on a professional and a personal level. Uncertainty surrounding job security and health, as well as the challenges of balancing remote working with caring responsibilities means far more is being asked of workforces than ever before.

Our findings demonstrate an increased sense of gratitude from those employees that have remained employed throughout the pandemic. "Employees appreciate their jobs more and are keen to upskill where necessary," according to one non-family employee in the hospitality sector. Another employee stated, "Covid has resulted in a shift from entitlement to a job to appreciation of a job."

> "In our company, employees have been much happier and more positive than pre-Covid as most of them kept their jobs and remained fully paid. The pandemic has made staff appreciate how they are treated by the firm, how safe their employment has been and much of the negativity that had begun to creep in during a very successful pre-Covid period has stopped, for example complaints regarding pay were the primary issue."
>
> **Family Employee of Second-Generation Distribution Business**

Recommendations:

1. Recognise and where possible, reward employees for their hard-work and loyalty.
2. Embed employee wellbeing into the culture and management of employees.
3. Foster a culture of continuous improvement by providing opportunities for personal development and upskilling.

Familiness

Family members reported spending more time together during the pandemic. This often led to a renewed sense of appreciation and 'we are stronger together' attitude.

Pulling together in hard times

> "Ours is a very unique business in that all the family are involved including some spouses. The entire family have seen their livelihoods wiped out and this is a hard pill to swallow."
>
> **Family Employee of Third-Generation Transport Business**

During tough times, family businesses often pull together in ways businesses with unrelated workers may not do as easily. In addition to reducing or cutting their own pay, the family can go the extra mile and work longer or more unsocial hours to overcome slumps in the market. "Growing up, all we knew was work," according to one CEO, "my siblings and I would help our parents after school, weekends and holidays." This use of family as an additional resource is referred to as 'familiness'. The first lockdown saw many families isolate together and this allowed them to physically meet up when others could not which provided a major advantage.

> "Being a family business probably helped during Covid from a management point of view. We would be talking about it around the dinner table and be able to call and discuss options and ideas at very unsocial hours to ensure we best were able to look after our staff and customers."
>
> **Family Employee of Second-Generation Retail Business**

A renewed sense of appreciation for family

Some respondents noted that the pandemic led to a renewed sense of appreciation for family. One employee commented, "Spending more time with family over the pandemic has really been a good experience and it put a lot of things into perspective that we all take for granted...spending time together doing the simple things like planning and sitting together for dinner on the weekends, going for walks and spending more time with our children has been great." Taking time to reflect and appreciate time with family can help in maintaining a positive outlook in difficult times.

Keeping the family healthy

The intensity of business can sometimes exacerbate common family issues such as sibling rivalry or inter-generational competition. Emotions such as pride or jealousy may become prevalent when work and home are intertwined. A healthy family is crucial to a long-lasting, successful family business. This involves a family unit in which family members look out for one another, have fun together, communicate effectively and make decisions as a team.

Alongside changes in many family firms' operations and structure, some reported using the pandemic to mend internal conflict and issues within the family unit itself. According to one next-generation member, "The closeness of lockdown has helped with family relations overall."

Recommendations:

1. Set expectations and boundaries early on about family involvement in the business and associated roles and responsibilities.
2. Take time away from the business as a family and organise annual retreats or similar activities to reflect on family dynamics.
3. Develop a family constitution to define family values and establish a collective vision for how the family and business will work together going forward.

Seeking Out Advice and Support

Availing of advice and support from governmental agencies and industry professionals was the most common strategy family businesses reported taking to minimise the impact of the pandemic.

Governmental supports

A wide array of targeted supports were developed to support business owners during this period. For example, the Trading Online Voucher was created for small businesses (with ten employees or less) in the Republic of Ireland to accommodate transitions to online trading, boost existing online sales, and to facilitate exploring new markets. In Northern Ireland, a Business Rates Relief Scheme was introduced for the year 2020-21 for businesses in retail, hospitality, tourism, leisure, childcare, and airports.

81% of family businesses reported utilising governmental supports to offset the negative impact of the Covid-19 pandemic on the business

Government support packages were appraised as the 'go to' action or first port-of-call for businesses. Family business CEOs advised other business leaders to take advantage of the "full suite of government measures" to reduce the impact of the crisis on the business. Utilising government support allowed many family businesses to reduce the occurence of temporary and full-time layoffs of staff.

> "Avail of all government supports that are available. Seek advice on how to go about applying for them."
>
> **Family CEO of Second-Generation Motor Trading Business**

Call on the experts

We strongly advise family businesses to develop existing relationships with financial advisors such as their banking relationship managers or accountant—they have a wealth of knowledge that can be made readily available to assist in business planning. Similarly, if thinking about planning or initiating business succession, engage with a tax specialist and legal advisor alongside your banking institution and accountant.

Thirty-two percent of family business CEOs reported using supports made available by banking institutions.

Beyond financial planning and wealth transfer, family businesses can benefit from joining an industry body relevant to their sector. Industry bodies lobby for the collective group's interests. For family businesses seeking out low-cost and accessible guidance, platforms such as the Local Enterprise Offices (LEO) and local Chambers of Commerce provide crucial advice and a wealth of resources. Similarly, DCU National Centre for Family Business and Northern Ireland Family Business Forum are industry-led centres committed to engagement, education and research excellence for family businesses across the island of Ireland.

Look to your peers!

Some of the best business advisers out there are the people who have been there before you. Seek out peers and mentors in your industry and learn from their experiences leading on the frontlines. Family business CEOs provided valuable leadership advice to their peers drawing upon lessons they had learned during the current and previous crises.

> "Talk to other businesses to see what they are doing, especially those in your industry in Ireland and abroad."
>
> **Family CEO of Third-Generation Technical Services Business**

Leaders also reported numerous benefits to building support networks outside of the family business. Peers in other family-run businesses can relate to the unique challenges of managing the complex interplay of business, ownership, and family. Independent board members are extremely valuable advisors to rely upon for advice and guidance due to their specialist knowledge of the business and valuable industry experience.

Recommendations:

1. Family businesses should continue to avail of government support schemes to minimise the long-term impact of the crisis and to safeguard the well-being of employees and all stakeholders involved in the business.
2. Develop relationships and connections with your local business networks and industry professionals. There are a diversity of free and low-cost business guidance services that cater to all sectors.
3. Seek out advice and guidance from a wide range of industry peers both within and outside the family business setting.

Innovation and Adaptation

Family businesses responded to the pandemic in a variety of ways. Some diversified into new markets, while others launched new products. Most embraced new technologies to their benefit, a key hurdle in the midst of external challenges.

98.1% of CEOs report that the pandemic will change their business model going forward.

Think outside the box!

Family businesses are generally thought of as risk-averse, traditional, and stagnant. But we know from international research[3] that this isn't true. Family businesses are often a seedbed for innovation. In fact, typically within the agile environment of a family business, decisions can be made and implemented quickly because owners are close to the coalface. This is in contrast to the corporate environment where new ideas are often constrained by bureaucracy.

3 Family Firms Are More Innovative Than Other Companies, Harvard Business Review (Jan 2017)

During the pandemic, respondents reported being able to implement new plans quickly and deploy resources in an effective manner. Leaders also demonstrated the ability to think outside the box and engage in prudent investments to keep their business moving forward.

> "Following recommended social distancing onboard our service would result in massive losses as we would not be generating enough revenue to cover costs. We designed and fitted Perspex screens between all rows of seating on our coaches meaning that passengers could be loaded safely."
>
> **CEO of Second-Generation Transport Business**

Adapt or perish

Family ownership allows for tremendous flexibility in the redeployment of resources during rapidly changing circumstances. The onset of the pandemic forced many businesses to adapt their product offerings and diversify into new markets. When the crisis took hold, one family business in our study found little demand for the production of the clerical shirts and legal attire which they have specialised in for almost 100 years. They decided, almost overnight, to use their skills to help the health service, turning production over to making scrubs for front-line healthcare workers.

Especially during turbulent times, it is crucial for family businesses to pivot, adapt and embrace change. Prioritising innovation is the key to unlocking post-crisis growth.

> "We got involved in a cross-border project which supplied 100,000 face-shields to frontline workers across Ireland and Northern Ireland free of charge. The right to distribute the face-shields has now been licenced to ourselves and another NI company. We've also developed two of our own PPE [personal protective equipment] products. Sales of PPE has filled the gap in our workload and allowed us to keep on all our staff and generate revenue."
>
> **Family CEO of Second-Generation Manufacturing Business**

Embrace technology

Leaders referred to the pandemic as an "enabler" to upskill their teams and advance the business digitally. Interestingly, next-generation members, in particular, viewed this as a major opportunity—prior to the pandemic many viewed their businesses as "behind" in terms of technology. One recently appointed third-generation CEO reported that before the pandemic, "Everything was in person." She continued, "We have set up an online team and are investing in improving our online offering. We are using Zoom/Teams to stay connected with our distributors and end consumers through webinar training programs." This digital transformation has provided next-generation members with an opportunity to spearhead new innovations within their family business.

> "Covid has given us an opportunity to make changes in the business that were needed but were difficult to make otherwise…It has given us opportunities to create new business and to focus our attention on the online side of the business."
>
> **Family CEO of Second-Generation Retail Business**

Recommendations:

1. Family businesses can be light on their feet and roll out big changes quickly. Use quick and agile decision-making to stay ahead of competition and external threats.
2. Adapt product and service offerings and diversify into new markets where appropriate. Prioritise innovation—whether it's upgrading existing processes or starting a new venture.
3. Use the crisis as an enabler for next-generation members to spearhead new innovations and elicit digital change within the company.

Resilience

Family businesses demonstrated a resilient mindset and commitment to the future in their approach to riding out the pandemic.

Been there, done that

When it comes to overcoming turbulent times, multi-generational family businesses have an advantage. By their very existence, they've demonstrated the ability to overcome significant hurdles and evolve to meet changing markets and demands—often while honouring past legacies and maintaining the family's core values. Many respondents viewed Covid-19 as another challenge that can be overcome, citing previous hardship and troublesome times as "inspiration."

Family businesses in the study reported surviving world wars, turbulent industry cycles, global recessions, interest rate hikes, overdraft squeezes, among other significant events. One retail company even recounted "surviving regular bombings" of their premises during the Northern Ireland conflict. "Resilience was crucial in order to survive that difficult period," recalled the third-generation CEO.

> "Family business have a very personal attachment that goes beyond business and may be in a better position to survive this. It's not just about making money but creating a legacy and keeping history alive."
>
> **Family CEO of Fourth-Generation Travel Business**

High performers in hard times

Interestingly, several businesses reported growing significantly, counter-cyclically, during previous economic downturns or recessions. "We thrived in the last recession," reported the CEO of a second-generation contract cleaning company, "by adapting, cutting costs and sheer hard-work." Another CEO of a 200+ year-old family construction business reflected on his business's expansion during the last recession, an effective strategy to spread risk. He commented,

> "We survived the famine, world wars, a number of recessions and the global financial crisis. At the early stages of the last recession the board decided to seek business abroad to spread our risk across more economies. Since then, we have had very successful business across various European countries. This has made our business more resilient."
>
> **Non-Family CEO of Fifth-Generation Construction Business**

These findings support global research[4] which finds that family businesses outperform their non-family counterparts during economic downturns. One explanation for this is that family businesses tend to be more conservative in the management of their balance sheet. Family owners grow up with the sense that the business's money is the family's money, as a result they often do a better job of keeping expenses under control.

> "The 1980s and late 2000s recessions were extremely difficult, as well as the foot and mouth outbreak and a flooding of the premises. In the late 2000s recession we introduced a concession model into the shop where suppliers stocked certain areas and so reducing our risk in buying stock. We also rented out space within the premises to other complementary businesses to attract more footfall and provide a rental income stream."
>
> **Family CEO of Second-Generation Retail Business**

4 Why Family Businesses Come Roaring out of Recessions, Harvard Business Review (Apr 2014), What You Can Learn from Family Business, Harvard Business Review (Nov 2012)

Long-term outlook

Family businesses are known for taking a long-term approach to decisions. Leaders often invest with a 10- or 20-year horizon, planning for their children and grandchildren to own the business in the future. This perspective is often shaped by leaders who have a great depth of knowledge and experience due, in part, to the longer average tenures of family business CEOs. CEOs who participated in this study reported an average tenure of 24 years, compared to an average CEO tenure of six years in a multinational.

Family businesses can be more patient when it comes to financial returns—they are not under the same pressure as public firms who report to shareholders on a quarterly basis. Furthermore, family businesses with leaner cost structures are less likely to have to do major layoffs. According to the CEO of a second-generation manufacturing company, "Our business operated at 25 percent for six weeks. We used cash reserves to fund the gap and we kept our team on the payroll." This tendency to put the long-term interests of the business first can help family businesses ride out the storm.

> "We survived the global downturn in 2007. We cut salaries and stopped bonuses for a few years. No one lost their jobs."
>
> **Family CEO of Second-Generation Communications Business**

Recommendations:

1. Take comfort from past accomplishments and recognise previous achievements in overcoming challenges and setbacks. This can be a key source of strength.
2. Take advantage of the family ownership structure to preserve the financial position of the business in the long-term. Implement lean management structures to assist in recessionary periods.
3. Foster a long-term approach to planning and decision-making.

Summary of Recommendations

1	Promote a stewardship climate within the business and build trust with employees.
2	Develop robust and flexible communication systems and continue to nurture stakeholder relationships.
3	Establish a strategic plan with clearly defined strategic goals. Practice good cash flow management and costing.
4	Foster a culture of continuous improvement by providing opportunities for personal development and upskilling within the business.
5	Develop a family constitution to define family values and establish a collective vision for the future.
6	Reach out to peers, industry professionals and local business supports to assist in business development.
7	Take the crisis as an opportunity to elicit change, digital transformation and new innovations.
8	Learn from past challenges and setbacks. This can be a key source of strength during hard times.

Closing Statement

The significance of the insights garnered from this collaborative research project cannot be underestimated. **Surviving a Crisis as a Family Business** marks the first all-island study of family business practice that includes family-run businesses from the Republic of Ireland and Northern Ireland. Family businesses are the very backbone of our economies, with sixty-four percent of all businesses in the Republic of Ireland and seventy-four percent of businesses in Northern Ireland being family-run affairs. Further, research conducted by DCU National Centre for Family Business in April 2020 shows that family businesses employ two-thirds of the workforce in the Republic of Ireland alone, contributing significantly to employment opportunities and the welfare of families in local communities.

This all-island study establishes the factual basis of the current global health pandemic and the extent to which it has disrupted the lives of those in our workforce, communities, and above all - our families and loved ones on the island and further afield. Beyond its economic impact, this crisis has transformed the ways in which we work, how business is conducted, and our relationships with one another as we experience extended periods of restricted movement and isolation.

For some family business teams, survival beyond Covid-19 may not seem viable in the present moment and for others, continuity has not been possible and the doors of the family firm have been closed for the last time. The perseverance demonstrated by the respondents in this survey has brought the unique, admirable traits of family-run businesses to the fore; - Resilience, intergenerational learning, the feeling of familiness beyond bloodlines, mucking in during hard times, and a defining purpose that is motivated by legacy, family values, and contributing to something bigger.

A secondary motivation our team had in developing this Practitioner Report was to create a valuable and practical crisis resource that family businesses can call on in times of need. In our efforts to meet this objective, we liaised with industry professionals who contributed to the best practice recommendations provided at the end of each of the eight themes. The ramifications of the Covid-19 pandemic will likely be felt by our economies for years to come. Business practice and the ways in which we relate to each other will also be forever changed. Furthermore, the family businesses we spoke with from Northern Ireland and the Republic of Ireland are now reckoning with the rollout of Brexit and how they can conduct their business moving forward.

At our respective universities and centres, we are committed to conducting research with real life impact. Looking to the future, we are hopeful that a similar study investigating Brexit further down the line would be a worthwhile endeavour for our family business network and readers. We welcome any feedback from our family business members, readers, and colleagues in relation to this project and future projects which would provide value to the community.

Sincere thanks must first go to all the family businesses that took part in the 'Family Business Survival Survey' since the commencement of this project in March 2020. We appreciate the time your respective teams invested in this study and are grateful for the wealth of knowledge you have passed onto your peers and future generations. Our gratitude must also be extended to our colleague, PhD Candidate Sarah Burrows in the University of Central Florida, who we are indebted to for designing and leading this study alongside Professor Craig Crossley. Thank you to our family business colleagues in Northern Ireland, in particular Ian Smyth of Ulster University and Darren McDowell and Treena Clarke from Harbinson Mulholland and the Northern Ireland Family Business Forum. Finally, our appreciation to our supporting partner AIB Bank (AIB). Special thanks to Lorraine Greene of AIB who contributed a wealth of best practice recommendations regarding cash flow management and business supports.

Many thanks,

DCU National Centre for Family Business
Ionad Náisiúnta de Gnó Teaghlaigh, Ollscoil Chathair Bhaile Átha Cliath

DCU National Centre for Family Business

The National Centre for Family Business at DCU is a leading international family business research centre. By translating world-class research into best practice insights, we empower family firms to embrace contemporary challenges and achieve continuity across generations. Family businesses across Ireland face significant challenges due to recent economic shocks, Brexit and more recently Covid-19. These challenges and uncertainties in conjunction with the lack of diversity are negatively impacting family businesses. Now more than ever family businesses need to drastically rethink their business model to ensure long-term survival for future generations.

Northern Ireland Family Business Forum

The Northern Ireland Family Business Forum was created by Belfast Accountancy Firm Harbinson Mulholland in 2016, The team identified a need for family businesses across NI to connect with each other and share experiences of the unique challenges and rewards family businesses face. Harbinson Mulholland has a strong focus on working with family businesses in Northern Ireland and has built a solid reputation and track record of helping family businesses maximize financial performance, whilst balancing commercial challenges and family obligations. The forum has held multiple events across Northern Ireland and welcomed family business members across all generations to learn, share and network with each other and we have continued this work during the Covid pandemic with the introduction of a new online community platform exclusively for family businesses.

Ulster University Business School

Ulster University Business School (UUBS) is the 6th largest business school in the UK. It has always been our approach to develop an intimate and textured understanding of how businesses actually work – not in theory but in practice. This is particularly evident in the area of SMEs and Family Firms where we have a distinct competence and we are appropriately tested and supported on an ongoing basis through our work with the NI Family Business Forum. This intimate engagement with live businesses affords us the opportunity to co-create learning solutions that are not just fit for purpose, but take the business owners to new ways of thinking about opportunity, particularly in light of the challenges presented by Brexit and Covid-19.

University of Central Florida

UCF College of Business is leading the charge into the next generation of business and education. Established in 1968, UCF College of Business offers degrees at the bachelor's, master's, doctoral and executive levels. All programs, as well as the Kenneth G. Dixon School of Accounting, are internationally accredited by the Association to Advance Collegiate Schools of Business. UCF strives to be America's Partnership University and is actively engaged with business and industry in co-creating new knowledge and useful solutions to challenges faced by our partners. UCF is the largest university in Florida, and one of the three largest universities in the United States. The management department consistently ranks in the top 50 globally in publishing in the top academic business journals.

Harbinson Mulholland

Harbinson Mulholland are a firm of award-winning Chartered Accountants based in Belfast, a team of 50, led by 6 partners, in business for 22 years. With a significant client base of homegrown SME's and Family Businesses, the firm developed a partnership with Ulster University Business School to create the NI Family Business Forum in 2016. Dedicated to local businesses and the people who run them, they are small enough to offer partner led, personal service but big enough to tap into a range of multi-disciplinary skills, including corporate and personal tax advice, corporate reconstruction, business recovery and forensic accounting.

AIB

Irish family businesses and SMEs are at the core of AIB's banking activity. We know their importance to the continuity and growth of the Irish economy. We understand they face unique challenges and we are equipped to provide the required support - be it daily banking needs, cashflow, professional financial advice or wealth management services. AIB's business offerings are available across all sectors of the economy. We are available to our business customers through our branches, by phone, or via social and online channels. AIB is the proud sponsor of DCU National Centre for Family Business. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

Report Imagery:

Cover: Kelly Family, Glandore

Page 02: Temple Family, Magee Clothing

Page 02: Hastings Family, Hastings Hotel Group and Darren McDowell, NI Family Business Forum

Page 03: Walsh Family, Irish School of Motoring

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